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CALIFORNIA HOUSING FINANCE)
AGENCY)
Office of General Counsel)
P.O. Box 4034)
Sacramento, CA 95814)

(Space above this line for Recorder's use)

CALIFORNIA HOUSING FINANCE AGENCY

**SNHP REGULATORY AGREEMENT
CalHFA Development No. _____**

This Regulatory Agreement (the “**SNHP Regulatory Agreement**” or the “**Agreement**”), dated as of _____, 20 ____ for informational purposes, is made and entered into by and between _____, California _____ (the “**Borrower**”), and the California Housing Finance Agency (“**CalHFA**” or the “**Agency**”), a public instrumentality and political subdivision of the State of California created by the Zenovich-Moscone-Chacon Housing and Home Finance Act (the “**Act**”), Division 31 of the California Health and Safety Code.

RECITALS

A. The Borrower is the owner of the real property described in **Exhibit A** attached hereto and incorporated herein by this reference (the “**Development**”), and has applied to the Agency for a SNHP Loan (defined below) under the Local Government Special Needs Housing Program (“**SNHP**”) and the terms of the Application as approved by the Agency.

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B. The Borrower, in coordination with the _____ (“***County***”), has agreed to make certain housing units in the Development available to Eligible Clients (defined below) pursuant to the SNHP.

C. The parties hereto acknowledge that the Eligible Clients, in addition to housing, will require supportive services which will be funded by the County.

D. Pursuant to Chapter 6.3 of Part 3 of Division 31 of the California Health & Safety Code, the Agency has authority to provide for the financing of special needs housing, and the Agency participation in the SNHP constitutes authorized financing for special needs housing.

E. As inducement for the Agency to make the SNHP Loan, the Borrower has agreed to enter into this Agreement and has consented to be and to have the Development regulated and restricted by the Agency as provided in this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. Term of Agreement. This Agreement shall be effective as of the date of recordation of this Agreement in the county in which the Development is located (“***SNHP Loan Closing Date***”) and shall remain in full force and effect and shall apply to the Development until the later of: (i) payment in full of the SNHP Loan; or (ii) _____ (____) years.

2. Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms shall have the following meanings:

(a) “***Annual Self-Certification Form***” is the form described in Section 6.

(b) “***Application***” means the Local Government Special Needs Housing Program Application submitted to the Agency.

(c) “***Area Median Income (“AMF”)***” means the median gross income as defined in Section 50093 of the California Health and Safety Code applicable to the geographic area in which the Development is located as adjusted for family size.

(d) “***Capitalized Operating Subsidy Reserve (“COSR”)***,” if applicable, is an account held by the Agency to cover deficits in operating expenses not covered by Gross Income and attributable to a portion or all of the COSR-Assisted Units and is further defined in the Capitalized Operating Subsidy Reserve Agreement (“***COSRA***”). The use of the COSR funds shall be subject to the COSRA. The COSR is for the benefit of the residents of the COSR-Assisted Units, and Borrower shall have no right or claim to COSR proceeds. At any time during the SNHP Loan, CalHFA may review, re-underwrite and adjust the COSR amount, or the payments thereunder, if it determines, in its sole discretion, that COSR payments are not necessary and that the Gross Income for the Development is sufficient to cover Development Operating Expenses or that such adjustment will improve the long term viability of the COSR for the benefit of the Development. The Agency may also consider commercial lender financial requirements

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applicable to the Development. Section 3 of this Agreement indicates whether this Development has a COSR and if so, how many SNHP Regulated Units are subject to the COSRA.

(e) ***“Certificate of Occupancy”*** means a certificate, or equivalent, issued by a local building department to the Borrower that indicates that the Development has met all local code requirements and is ready for occupancy.

(f) ***“COSR Servicing Fee”*** means the fee in an amount equal to Five Thousand and No/100s Dollars (\$5,000.00) per year, which shall be paid in advance to the Agency annually. The COSR Servicing Fee may be increased, in CalHFA’s sole discretion, upon a refinancing, restructuring, or other event necessitating changes to the SNHP Loan Documents. Failure to pay the COSR Servicing Fee shall be an event of default hereunder.

(g) ***“COSR-Assisted Unit”*** means a SNHP Regulated Unit that receives the benefit of a subsidy from the COSR. In the case of a Shared Housing Development, each bedroom which is covered by the COSR is considered a COSR-Assisted Unit.

(h) ***“County”*** means the entity defined in the Recitals herein.

(i) ***“Distribution”*** means any withdrawal, taking or payment of any assets, subsidies, earnings or income of the Development excluding payments for current and budgeted Operating Expenses of the Development. Distributions shall be payable only after payment of Operating Expenses and Non-Standard Operating Expenses. Distributions shall not be permitted to be payable from excess of the Capitalized Operating Subsidy Reserve.

(j) ***“Eligible Client”*** means a person (including veterans) who is Homeless or at Risk of Homelessness and who has a mental illness in accordance with California Welfare & Institutions Code Section 5600.3(a) and/or California Welfare & Institutions Code Section 5600.3(b). Determination of who qualifies as an Eligible Client shall be made by the County.

(k) ***“Fair Housing”*** means all federal, state and local laws, as applicable, relating to fair housing or prohibitions on discrimination in rental housing.

(l) ***“Fiscal Year”*** means the twelve (12)- month accounting period ending on the date stated in Section 3(b).

(m) ***“Gross Income”*** means all rents, rental subsidies, operating subsidies, Supportive Services operating fees and any other income of the Development, and without limitation, such income derived from commercial facilities of the Development, if any.

(n) ***“Homeless or at Risk of Homelessness”*** means living on the streets or lacking a fixed and regular night-time residence. This includes living in a shelter, motel or other temporary living situation in which the individual has no tenant rights. “At Risk of Homelessness” may be due to one of the following situations: (a) transition age youth exiting the child welfare or juvenile justice systems; (b) discharge from crisis and transitional residential settings, a hospital, including acute psychiatric hospitals, psychiatric health facilities, skilled nursing facilities with a

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certified special treatment program for the mentally disordered, and mental health rehabilitation centers; (c) release from city or county jails, but not a parolee from state prison; (d) temporary placement in a residential care facility upon discharge from (b) or (c) above; and (e) individuals who have been assessed and are receiving services from the County Mental Health Department and who have been deemed to be at imminent risk of homelessness, as certified by the County Mental Health Director.

(o) ***“Mixed Population Development”*** means a development that has a specific number of SNHP Regulated Units dispersed within the development to house Eligible Clients, with other Units open to occupancy by persons who are not Eligible Clients.

(p) ***“Non-Standard Operating Expenses”*** means expenses as approved in writing by the Agency payable after all Operating Expenses and before Distributions. Non-Standard Operating Expenses shall be paid in the following priority and may include (if applicable) the following: (i) non-Agency required operating reserves funded from Development cash flow; (ii) deferred developer fee (only if the Development was funded with the proceeds from the sale of tax credits and the Development has a limited partner investor) payable as determined by Borrower, not to exceed the total approved deferred developer fee; and (iii) Partnership Asset Management Fees, as defined herein. Use of COSR funds (if applicable) for payment of Non-Standard Operating Expenses shall be subject to the COSRA. See Exhibit D, Part B for amounts applicable to the Development.

(q) ***“Operating Expenses”*** means all reasonable and proper expenses, as approved by the Agency, of the operation of the Development including, but not limited to, loan payments payable before the calculation of allowable Distributions as specified on **Exhibit D**, the annual Servicing Fee and COSR Servicing Fee (if applicable), annual interest payments due to the California Department of Housing and Community Development (***“HCD”***) (if applicable), fidelity bonds, annual bond issuance fees (only if the Development is funded with bond proceeds and the bond issuer charges an annual bond issuance fee), insurance, real estate taxes, ordinary maintenance and repair, costs of marketing, Development management, Supportive Services, fuel, utilities, garbage disposal, sewer charges, audit expenses, all sums due or currently required to be paid under the terms of the SNHP Loan Documents, the Agency required impounds, reserve and escrow deposits, reasonable attorney fees incurred in operating the Development, and such other payments as the Agency may require or specifically approve in writing as Operating Expenses. In no event shall attorney fees or litigation costs other than as stated, or expenditures normally required to be paid out of the Replacement Reserve, be treated as Operating Expenses unless specifically approved in writing by the Agency. Nonrecurring expenses in excess of Twenty-Five Thousand and No/100s Dollars (\$25,000.00) shall not be considered an approved Operating Expense unless specifically approved in writing by the Agency, which such approval shall not be unreasonably withheld.

(r) ***“Operating Expense Loan”*** means any loan by the Borrower or affiliate of the Borrower for the purpose of paying Operating Expenses of the Development. The Borrower shall not permit any interest to be charged or to accrue on any advances to the Development from the Borrower or any affiliate of the Borrower, except upon the following conditions: (i) prior written notice of such advance and the terms thereof shall have been given to the Agency; (ii) interest shall be limited to no more than the lesser of three percent (3%) simple interest or the

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interest rate as specified in the SNHP Promissory Note; (iii) the amount of such advance shall be no greater than necessary to pay current expenses; and (iv) such advances shall be repaid after payment of, or the reservation of funds for payment of, all Operating Expenses of the Development and prior to any Distributions and Residual Receipts loan payments, if applicable, from the Development. Failure of any of these conditions shall render the party making the advance liable to refund and/or forfeit all interest paid or due and shall be an event of default pursuant to this Agreement.

(s) ***“Partnership Asset Management Fee,” “Partnership Management Fee,”*** or ***“PAMF”*** means those annual asset management fees payable pursuant to the Borrower’s organizational documents (which may define such fees differently), but subject to limitations as approved by the Agency or which may be imposed by other lenders or subsidy providers. Such fees shall be payable only if the Development was funded with the proceeds from the sale of tax credits and the Development has a limited partner investor, and only for the fifteen (15) year tax credit compliance period. Such fees are Non-Standard Operating Expenses payable only from Gross Income of the Development, subject to the payment priority set forth in the definition of Non-Standard Operating Expenses and on Exhibit D. The PAMF is payable after all Operating Expenses and prior to the Borrower’s allowable Distribution. The PAMF may be adjusted for inflation as determined by the Agency.

(t) ***“Primary Service Provider”*** means the entity responsible for overall implementation and delivery of the Supportive Services to the Eligible Clients as specified in the County-Approved Supportive Services Plan (attached as **Exhibit E**), including coordination among Service Providers.

(u) ***“Property Management Agreement”*** means a contract between the Borrower and the property management agency which defines the roles and responsibilities of each party for the operation of the Development and includes a property management plan.

(v) ***“Rental Housing Development”*** means an apartment building or buildings with five or more apartments. Individual apartments or bedrooms within an apartment may be rented to Eligible Clients as in a Shared Housing Development. A Rental Housing Development shall not include a Development which is subject to any State of California licensure requirements.

(w) ***“Residual Receipts”*** means the balance of Surplus Cash remaining after payment of Borrower’s allowable Distribution.

(x) ***“Service Provider”*** means a provider of supportive services designed to meet the special needs which may be applicable to Eligible Clients. Service Provider qualifications are subject to approval by the County.

(y) ***“Servicing Fee”*** means Seven Thousand Five Hundred and No/100s Dollars (\$7,500.00) per year for a Development of five (5) or more rental units, or Two Thousand Five Hundred and No/100s Dollars (\$2,500.00) per year for a Development of one (1) to four (4) rental units, which shall be paid in advance to the Agency annually. Failure to pay the Servicing Fee shall be an event of default hereunder.

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(z) “***Shared Housing Development***” means a residential building having less than five apartments (a single family home, duplex, tri-plex or four-plex), with each bedroom rented to an Eligible Client and not subject to any State of California licensure requirements. Each bedroom within a Shared Housing Development is a SNHP Regulated Unit.

(aa) “***Single Population Development***” means a development in which all Units are targeted to Eligible Clients.

(bb) “***SNHP Deed of Trust***” means that certain deed of trust entitled “California Housing Finance Agency, SNHP Deed of Trust With Assignment of Rents, Security Agreement and Fixture Filing, CalHFA Development No. _____” which was executed by the Borrower, secures the Note, this Agreement, the COSRA (if applicable), the SNHP Loan Disbursement Agreement (if applicable), and all other SNHP lending and regulatory agreements and encumbers the Development. It is intended that this Agreement shall be recorded ahead of and have priority over the SNHP Deed of Trust.

(cc) “***SNHP Regulated Unit***” means a Unit which is targeted to be occupied by an Eligible Client.

(dd) “***SNHP Loan***” means the loan or loans to the Borrower originated by the Agency as evidenced by the Note.

(ee) “***SNHP Loan Documents***” means this Agreement, the Note, SNHP Deed of Trust, COSRA (if applicable) as defined herein, and any other document evidencing or securing the SNHP Loan.

(ff) “***SNHP Promissory Note***” or “***Note***” means that certain promissory note entitled “California Housing Finance Agency, SNHP Promissory Note, CalHFA Development No. _____ (Permanent Financing/Residual Receipts)” of the Borrower in the face amount of _____ and No/100s Dollars (\$_____).

(gg) “***Supportive Services***” means assistance made available to tenants within the Development who may benefit from such services, to help them maintain stable housing and/or achieve improvements in health, wellness, recovery, employment, income, socialization and quality of life.

(hh) “***Surplus Cash***” means the balance of Gross Income of the Development remaining at the end of each Fiscal Year after payment of: (i) Operating Expenses; (ii) reservation of cash required to meet current thirty (30) day obligations; (iii) Agency-approved Non-Standard Operating Expenses; and (iv) Agency-approved Operating Expense Loans. For the purpose of computing Surplus Cash, Gross Income of the Development shall include any rent insurance proceeds, but shall exclude fire or other insurance proceeds, condemnation proceeds, and any security deposit which shall not have become the property of the Borrower free of the claim of any person claiming as or through the tenant having made such deposit. Priority of payments and application of Surplus Cash shall be in accordance with **Exhibit D**.

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(ii) “Unit” means: (i) in the case of Rental Housing Developments, a traditional apartment residence containing at least one (1) bathroom and a kitchen; or (ii) in the case of Shared Housing Developments, a separate lockable bedroom with each bedroom being subject to a separate individual rental agreement.

3. Type of Development.

(a) This Development is a:

- ☐ Rental Housing Development
- ☐ Shared Housing Development

(b) The Development’s Fiscal Year end is _____.

(c) This Development:

- ☐ has a COSR
- ☐ does not have a COSR

(d) This Development has:

_____ total units
_____ total SNHP Regulated Units
_____ total COSR-Assisted Units

(e) With regards to the COSR-Assisted Units, Borrower agrees to the following:

(i) Any default under the COSRA shall constitute a default of this Agreement.

(ii) The amount of the COSR shall be based upon the Agency’s determination of the anticipated subsidy needs for the Development. Upon depletion of all amounts set aside for the Development, the Agency is not responsible for providing any additional monies to the COSR.

(iii) If the COSR or other project- or tenant-based subsidy is exhausted and is not renewed, the tenant portion of the rent on the SNHP Regulated Units may be increased to the restricted rent (thirty percent (30%) of thirty percent (30%) AMI) with the Agency’s written permission. Permission to raise rents is contingent on the Borrower having established that it has diligently sought all available reserves or subsidies, including seeking a subsequent allocation of COSR and/or rent subsidies from all available state, federal and local sources, including the County, and will be unable to meet fiscal integrity requirements as determined by the Agency. In order to allow for a reasonable transition and a gradual adjustment, the Borrower shall petition to increase rents on SNHP Regulated Units twenty-four (24) months prior to the estimated date of the depletion of the COSR or other applicable subsidy.

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(iv) Upon termination of this Agreement, any monies remaining in the COSR held by the Agency, along with any COSR held by the Borrower shall either be released to the Borrower or returned to an Agency-held account for the benefit of the County, depending on which party initially contributed the COSR funds.

4. Rental and Occupancy Requirements. Borrower agrees and covenants that:

(a) All SNHP Regulated Units shall be occupied or targeted for occupancy by at least one Eligible Client. In Mixed Population Developments, specific Units shall not be permanently assigned to Eligible Clients, and must be evenly disbursed within the Development. For Mixed Population Developments, waiting lists shall ensure that Eligible Clients shall be provided equal access to non-designated SNHP Regulated Units to the extent that they qualify for occupancy of those Units. The occupancy restrictions imposed under SNHP shall be as described in **Exhibit B**. Additional occupancy restrictions may be imposed by others, such as any listed in the Supportive Services Plan, and Borrower must also comply with such restrictions.

(b) Rents for the SNHP Regulated Units occupied by an Eligible Client shall be restricted to no more than thirty percent (30%) of thirty percent (30%) of AMI, adjusted for number of bedrooms, household size, utility allowances and other SSI/SSP (defined below) deductions, as applicable.

(c) The portion of rent payable by the SNHP Eligible Resident for COSR-Assisted Units, if any, shall be thirty percent (30%) of the current California Department of Social Services Supplemental Security Income/State Supplementary Payment (“**SSI/SSP**”) grant amount for a single individual living independently, or thirty percent (30%) of total household income, whichever is greater, and as adjusted for a utility allowance and other SSI/SSP deductions, if applicable. If during the term of the SNHP Loan the COSR is exhausted, the rent payable by the Eligible Client may be increased to thirty percent (30%) of thirty percent (30%) of the area median income SUBJECT TO THE TERMS AS SPECIFIED IN THE COSRA AND SECTION 3.(e)(iii) OF THIS AGREEMENT.

(d) The Borrower shall require each Unit to be subject to a rental agreement in a form which may be subject to approval by the Agency, and shall not lease any Unit for less than thirty (30) days or for more than one (1) year. The rental agreement, executed by all adult or emancipated youth household members, shall provide for the following:

(i) For COSR-Assisted Units, the rental agreement shall provide that once the Eligible Client qualifies for and begins collecting SSI/SSP and/or tenant-based subsidies, the Eligible Client shall be responsible for any portion of rent that was due and unpaid during the time the Eligible Client was attempting to qualify for such benefits. If the portion of rent was paid with RUR (defined below) funds, any back rent and utility payments shall be deposited into the RUR.

(ii) Evictions shall be carried out in accordance with California and, if applicable, federal law governing month-to-month tenancies and reasonable accommodation consistent with not causing undue administrative or financial burden upon the Development.

(iii) If the basis for eviction is abandonment or failure to occupy, the Borrower shall comply with California Civil Code Section 1952.3 and any other applicable laws unless the Borrower receives notification or has actual knowledge that the non-occupancy of the SNHP Regulated Unit is due to hospitalization or institutionalization (other than in state prison) of the Eligible Client. Under these conditions, the Borrower shall hold the Unit available for the Eligible Client for three (3) months, provided the rent for the Unit is fully paid as agreed to in the rental agreement.

(iv) If an Eligible Client abandons or fails to occupy the SNHP Regulated Unit, but non-Eligible Clients of the household remain in the SNHP Regulated Unit and continue to pay the rent, the following applies:

(1) In a Mixed Population Development the other household members may continue to occupy the SNHP Regulated Unit provided a comparable non-SNHP Regulated Unit is available to lease and is leased to an Eligible Client, and the existing household member's/members' occupancy is in compliance with the property management agreement and the rental agreement. Rents may be adjusted to maximum allowable rents according to the property management plan and in accordance with federal, state and local law.

(2) If the Development is a Single Population Development, or is a Mixed Population Development that has no vacant non-SNHP Regulated Unit available, and so long as the household member(s) otherwise meets the criteria or conditions for the occupancy for the Development, the other household member(s) may continue to occupy the SNHP Regulated Unit for the three (3)-month grace period while seeking alternative living accommodations, and Borrower shall make reasonable attempts to assist the other household member(s) in finding alternative living accommodations. If the SNHP Regulated Unit is not vacated at the end of the three (3)-month grace period, the rent amount shall be adjusted to the maximum allowable rent according to the property management plan and applicable law and Borrower shall commence eviction proceedings in accordance with state and federal law; provided, however, that if during the grace period or eviction proceedings, a comparable non-SNHP Regulated Unit becomes available and is leased to an Eligible Client, Borrower may permit the other household member(s) to continue to occupy the former SNHP Regulated Unit.

(3) For purposes of this section, the three (3)-month grace period shall begin on the first day of the next tenancy period following notification by the Borrower to other household member(s) that the Eligible Client is no longer occupying the SNHP Regulated Unit.

(e) The Agency may, from time to time, revise the maximum rental limits on SNHP Regulated Units restricted herein by a percentage equal to any percentage change in AMI. Until the Agency posts the change on the Agency's website, the previously existing rental limits shall apply.

(f) The Borrower shall not discriminate against tenants or applicants who are recipients of federal rent subsidies pursuant to Section 8 of the United States Housing Act of 1937

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(42 USC Section 1437(f)) (“**Section 8**”), as amended, or any successor subsidy program. Borrower agrees to comply with terms of existing subsidies and actively seek extensions to existing project-based subsidies and other new project- and/or tenant-based subsidies. Committed subsidies as of the date of this Agreement include those as stated on **Exhibit B**. Borrower shall re-apply for other project-based operating or rental subsidies prior to expiration of the committed subsidies.

(g) Use of the commercial facilities of the Development, if any, shall be compatible with the residential uses of the Development. Any commercial tenants, improvements and lease provisions may be subject to approval by the Agency. The Agency shall have the right to require existing and future commercial tenants to enter into nondisturbance and attornment agreements on commercially reasonable terms. The Borrower agrees to take such actions and execute any documents necessary to effectuate the Agency's rights in this regard.

(h) The Borrower agrees to make available any and all Units of the Development for the purposes of physical inspection by the Agency personnel upon prior notice and in accordance with the Agency's policies and procedures. Borrower shall require that its managing agent inspect each Unit at least on an annual basis. In the case of Shared Housing developments, Borrower shall engage an independent third party acceptable to the Agency to annually provide a physical inspection report to both Borrower and the Agency.

(i) Borrower shall collect and maintain tenant security deposits in accordance with applicable laws.

(j) Borrower shall assist Eligible Clients in applying for any and all benefits for which they may be eligible, including but not limited to tenant-based rental subsidies and medical benefits.

5. Development Management.

(a) The Borrower shall provide for the management of the Development in a manner satisfactory to the Agency, shall employ a bonded and licensed management agent, develop a management plan, and use a management agreement which may be subject to review by the Agency. A fidelity bond shall be maintained in an amount equal to one month's gross rent for the entire Development and shall insure the Borrower and the Agency against misapplication of Development funds. **All management agreements shall include a copy of this Agreement, which shall be incorporated therein, and made a part of the contract.** The management agreement shall be subject to termination with or without cause by the Borrower or the Agency, and without penalty, upon not less than thirty (30) days prior written notice to the management agent. Any liability associated with the termination of the management contract shall be the sole obligation of the Borrower. Upon notice of termination, the Borrower agrees to make immediate alternative arrangements, reasonably satisfactory to the Agency, for the continued management of the Development. In the event that the Borrower shall fail to make such alternative arrangements for a substitute managing agent within a reasonable time (which in no event shall exceed sixty (60) days from the date of the sending of the termination notice), the Agency shall have the unilateral right to make such alternative arrangements subject to the reasonable consent of the investor limited partner,

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if applicable. The amount of the management agent's compensation shall be subject to approval by the Agency, which approval shall not be unreasonably withheld.

(b) Borrower shall begin marketing of the Development at least ninety (90) days prior to the availability of the Units for occupancy. All marketing efforts shall be consistent with applicable laws associated with nondiscrimination, and referrals from the County (or other referring entities) shall not result in a disparate impact as it relates to equal housing opportunities.

(c) Borrower shall assure that all advertising (including letterheads, brochures and media advertising) shall include a “Fair Housing” logo. To the extent federal, state and/or local accessibility laws apply, Borrower shall also include an “Accessibility” logo.

(d) Where a significant number of persons in the community have limited fluency in the English language, Borrower shall comply with applicable state and local law regarding the need to provide publications, information, brochures and leases in the household’s native language of such persons; “*significant number of persons*” is deemed to be at least twenty-five percent (25%).

(e) Borrower shall develop and maintain a policy and procedure for the selection and rejection of applicants and a grievance and eviction policy and procedure for tenants of the Development.

(f) Borrower shall assure compliance with all Fair Housing laws. Occupancy of the Development shall be open to all regardless of race, gender, gender orientation, marital status, familial status, age (except for senior citizen housing pursuant to state and federal law), color, religion, disability, source of income, national origin or ancestry. The Borrower shall require that its officers, agents, employees, management agent, contractors and subcontractors, and employees associated with the Development provide equal opportunity for employment and that they not engage in any unlawful discriminatory conduct. In addition, the Borrower agrees to conduct its own affirmative marketing and outreach programs in conformance with the Agency and/or County requirements, the SNHP, and, if applicable, federal requirements associated with any federal funding applicable to the Development. Borrower further acknowledges the Fair Housing considerations set forth in the Application or acknowledgement letter provided to the Agency, as applicable.

6. Supportive Services.

(a) Plan. Borrower shall comply with the County-Approved Supportive Services Plan (attached hereto as **Exhibit E**), which may be amended from time to time by the County.

(b) Execution of Plan. Borrower shall not mandate participation in on-site and off-site Supportive Services provided pursuant to the County-Approved Supportive Services Plan as a condition of occupancy. In the case of a Rental Housing Development, any space dedicated to Supportive Services shall be physically separated from the property management office space.

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(c) Memorandum of Understanding (“MOU”). For the term of this Agreement, there shall be in place an MOU which delineates the roles and responsibilities of the Service Provider, County, property manager and Borrower which has been approved by the County. A copy of the MOU and any updates shall be provided to the Agency, if requested.

(d) Annual Self-Certification Form. Within ninety (90) days following the Development’s Fiscal Year end, Borrower, in consultation with the Service Provider, shall submit an Annual Self-Certification Form to the Agency, as amended from time to time and as posted on the Agency’s website at <http://www.calhfa.ca.gov>, and provide a copy to the County.

7. Establishment and Use of Reserve and Development Accounts. If indicated on **Exhibit C**, the Borrower shall establish and maintain the following Agency-required reserve and escrow accounts. The reserve and escrow accounts shall be an asset of the Development and may be used at the end of the SNHP Loan term to pay off the SNHP Loan. Initial and annual deposits, required Agency approvals, and possession and control over such accounts shall be in accordance with **Exhibit C**. Other lenders or parties may have additional reserve or escrow account requirements that differ from the amounts in **Exhibit C**. Such other reserve or escrow account requirements shall not reduce the Agency-required amounts.

(a) Operating Expense Reserve. An Operating Expense Reserve (“**OER**”) shall be established and made available to cover payment of Operating Expenses associated with the Development which exceed available Gross Income, as determined and approved by the Agency. Annual deposits may be required if indicated in **Exhibit C**. In addition, if the Development receives COSR, the OER shall be available, to the extent funds exist, to provide financial assistance to the COSR-Assisted Units upon depletion of the COSR. Any amounts remaining in this account when the SNHP Loan is paid in full shall be returned to the Borrower.

Except as provided below, the OER shall be fully funded with the proceeds of the SNHP Loan. At the Agency’s discretion, if the Development receives COSR funding, the OER may be funded with other available funds in time frames as approved by the Agency. If the OER is funded from a source other than the SNHP Loan, the first payment from the COSR will be contingent upon the full funding of the OER, except as otherwise approved by the Agency.

(b) Replacement Reserve. A Replacement Reserve (“**RR**”) shall be established and maintained until the termination of this Agreement. The RR shall be used to replace major structural elements or equipment of the Development or for any other purpose consistent with maintaining the physical integrity of the Development. The RR shall not be used for any expenses during the rehabilitation or construction period, if applicable, nor to pay for or reimburse costs incurred during rehabilitation or construction. The initial and annual deposits are payable as indicated in **Exhibit C** and shall be based upon the total number of units (i.e., not limited to the SNHP Regulated Units). Disbursements from the RR require advance approval by the Agency. The Agency may from time to time review and adjust the annual deposit based on the Agency’s projected financial needs of the Development.

(c) SNHP Tenant Rent and Utility Reserve. Any Rent and Utility Reserve (“**RUR**”) by the County or Agency shall be funded as indicated in Exhibit C. The funds from the

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RUR are intended to cover the rent and utility payments of Eligible Clients while they wait to be qualified for SSI/SSP. Back rent and utility payments shall be deposited into the RUR. Neither the Agency nor County are responsible for approving the use of the RUR funds, nor for replenishing the RUR once funds are exhausted.

(d) Supplemental Operating Expense Reserve. A Supplemental Operating Expense Reserve (“***SOER***”) shall be established if indicated on **Exhibit C** and made available to cover payment of Operating Expenses in excess of the funds in the OER associated with the Development which exceed available Gross Income, as determined and approved by the Agency. If the Development receives COSR, the SOER shall be available, to the extent funds exist, to provide financial assistance to the COSR-Assisted Units upon depletion of the COSR. Any amounts remaining in this account when the SNHP Loan is paid in full shall be returned to the Borrower.

(e) Development Account. The Borrower shall establish an account (the “***Development Account***”) with a depository which is insured by the Federal Deposit Insurance Corporation (“***FDIC***”) or by a successor in interest to FDIC into which all Gross Income, tenant security deposits and COSR (if applicable) of the Development shall be deposited when received. If otherwise required by another lender, security deposits may be held in a separate account (“***Security Deposit Account***”). The Borrower or any person receiving funds of the Development other than as permitted by this Agreement shall immediately deposit such funds in the Development Account or Security Deposit Account, if applicable, and failing to do so shall hold such funds in trust for the Development. The Borrower or any person receiving any property of the Development in violation of this Agreement shall immediately deliver such property to the Agency, and failing to do so shall hold such property in trust for the Development. Reserves, subsidies, deposits, rents, charges, fees and any other deposits and/or income of the Development as used herein shall also include, without limitation, such income derived from commercial facilities of the Development, if any.

(i) Disbursements from the Security Deposit Account shall be in accordance with state law. Disbursement from the Development Account shall be permitted only to pay Operating Expenses, Non-Standard Operating Expenses (if applicable), permitted Distributions, required Residual Receipts Loan payments and, if the Agency approves in advance, repayment of Operating Expense Loans, if any.

(ii) Subject to the security interests of senior lenders, Borrower agrees that upon the Agency’s written request the Agency shall be granted a security interest in all required reserve and escrow funds not held by the Agency, which are intended to benefit the Development. To the extent the Agency holds reserve and escrow funds, Borrower hereby grants the Agency a first security interest therein. Borrower also agrees that any conveyance, voluntary or involuntary, shall have the effect of transferring to the grantee/transferee of all Borrower’s interest and all of its rights to reserve and escrow accounts held by the Agency, without further act by the Borrower, and upon termination of the requirement of this account, the Agency shall return the balance to the then legal owner of the Development. Borrower hereby appoints the Agency, during the term of this Agreement, as its attorney-in-fact to substitute any new owner of the Development, or the Agency itself, as signatory of the reserve and escrow accounts, in the place of Borrower.

(f) Security Interest. If at any time the Agency requires a first priority security interest in accounts not held by the Agency, Borrower shall notify the Agency of the identity of the depository, the branch where the accounts are established and the account number. Borrower agrees that it will require that the depository execute a deposit account control agreement within the meaning of Article 9 of the California Uniform Commercial Code (“***Control Agreement***”), in a form acceptable to the Agency, to perfect the Agency’s security interest in such account. The Agency shall be entitled to exercise its rights under the Control Agreement upon Borrower’s default, as determined by the Agency in its sole discretion, under the SNHP Loan Documents. However, the Agency shall not be obligated to give the Borrower the advance notice of default required by Section 15 of this Agreement prior to giving the depository the written “Notice of Exclusive Control” provided for in the Control Agreement.

If any of the Development accounts are subject to the security interest described above, and are subject to a Control Agreement, Borrower may not transfer that/those accounts to another depository without the prior written consent of the Agency, which consent, if granted in the Agency’s sole discretion, may be conditioned upon the new depository executing a Control Agreement.

(g) Application of Reserve Accounts if Default. In the event of a default under this Agreement, or any of the other SNHP Loan Documents, the Agency in its sole discretion may apply or authorize the application of the funds then held by the Agency in any of the accounts provided for in this Section, to any amounts then due under this Agreement or the other SNHP Loan Documents, or use such funds for the continued operation of the Development, provided, however, that if the default is cured, all remaining funds shall be returned to the appropriate account.

8. Financial Covenants. In addition to, but not by way of limitation of, all other duties of the Borrower set forth herein, the Borrower shall comply with the following:

(a) Servicing Fee. As of the SNHP Loan Closing Date, the Borrower shall have paid an advance *pro rata* amount of the Servicing Fee. The annual Servicing Fee in the amount specified on **Exhibit D**, and the COSR-Servicing Fee (if applicable), shall be due in advance on January 1st of each year thereafter until the later of: (i) payment in full of the SNHP Loan; or (ii) termination of the SNHP Regulatory Agreement. The first payment after the advance *pro rata* payment of the Servicing Fee(s) shall be due January 1, 20[REDACTED].

(b) Annual Operating Budget. The Borrower shall submit to the Agency a proposed operating budget (“***Annual Operating Budget***”) for the Development not later than sixty (60) days prior to the beginning of each Fiscal Year following completion of construction of the Development. The proposed Annual Operating Budget shall set forth the anticipated Gross Income of the Development and a detailed estimate of all Operating Expenses thereof, which shall include an itemization of such expenses. The Annual Operating Budget shall be subject to approval by the Agency and shall otherwise be consistent with the requirements of this Agreement. The non-Supportive Services expenses associated with the SNHP Regulated Units shall be in proportion to the total number of Units. If the Development has a COSR, and less than one hundred percent (100%) of the Units are SNHP Regulated Units, the proposed Annual Operating Budget shall be bifurcated and expenses shall be allotted proportionately in terms of the number of total Units

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compared to COSR-Assisted Units per the COSRA. The Agency may request further delineation of expenses as it deems necessary.

(c) Annual Audit. The Borrower shall provide the following reports to the Agency not later than ninety (90) days following the end of each Fiscal Year following completion of construction of the Development:

(i) A complete annual financial report for the Development based upon an examination of the books and records of the Development prepared in accordance with the requirements of the Agency (“***Annual Audit***”). If the Development contains more than twenty-five (25) Units the Annual Audit shall be certified, at the Borrower's expense, by an independent certified public accountant licensed in California and acceptable to the Agency. Each such Annual Audit shall be subject to the approval by the Agency. If the Development has a COSR and if fewer than one hundred percent (100%) of the Units are COSR-Assisted Units, allocation of income and expenses shall be proportionate to the total number of Units to the SNHP Regulated Units; and

(ii) Any other financial report as may be required by the Agency.

(e) Annual Reports. Within thirty (30) days following the end of each year following completion of construction of the Development, the Borrower shall provide the Agency with a complete annual financial report unless a shorter period is otherwise required by the Agency. The financial report must include a detailed accounting of, without limitation, all income and expenses, accounts receivable, accounts payable and disbursements received or made in the period reported.

(f) Audit Books and Records. The Borrower shall maintain the books and records of the Development in accordance with the requirements of the Agency. The Development and all equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination, inspection and copying at any reasonable time by the Agency or by its authorized representative upon reasonable notice to the Borrower.

(g) Furnishing Information. Upon the Agency's request, Borrower shall furnish such reports, financial statements, projections and analyses as may be required by the Agency, including information as requested by the Agency related to any construction (if applicable) and shall provide information the Agency requests regarding the income, expenses, assets, liabilities, contracts, operations and conditions of the Borrower and the Development. Borrower understands and agrees that the content of such reports, statements, projections, analyses and any other information may be publicly disclosed.

(h) Single Asset Entity. Unless the Agency agrees otherwise in writing, Borrower shall maintain its status as a single asset entity.

(i) Property Tax Exemption. Until the end of the term of this Agreement, Borrower shall take any and all actions necessary to maintain the Development's property tax exemption pursuant to California Revenue & Taxation Code Section 214.

(j) Additional Services. Additional services by the Agency in connection with the SNHP Loan or Development, including without limitation reviewing and approving requests for approval of Borrower organizational changes, transfers of the Development or other ownership changes, property management changes, subsequent transactions related to refinancing, restructuring, or other changes to the Loan Documents, Development or Borrower, shall be subject to a reasonable fee payable by Borrower in an amount as determined by the Agency.

9. Distributions.

(a) Annual distribution of Surplus Cash to the Borrower shall be in accordance with **Exhibit D**. The Agency shall review the Annual Audit which shall be prepared in accordance with requirements of the Agency and determine whether a Distribution of Surplus Cash should be approved. All Distributions may be taken annually but only after the Agency's prior written approval. Approved Distributions shall be up to the proportionate amount of Surplus Cash specified in **Exhibit D**. There shall be no accrual of Distributions from year to year.

(b) The proceeds of any unapproved Distribution shall be held in trust for the Development and shall be immediately refunded to the Development upon the Agency's demand. The Borrower shall be obligated to pay interest thereon to the Development at the rate of ten percent (10%) until the unapproved Distribution is returned in full to the Development.

10. Residual Receipts. All remaining funds, after the Agency-approved Distribution, shall be payable in the proportion specified in **Exhibit D**, to Residual Receipts loans, including the SNHP Loan. Failure to make the required annual payments on the Residual Receipts loans on or before the earlier of thirty (30) days from the date of Agency approval of the Annual Audit or one hundred fifty (150) days after the end of each Fiscal Year shall constitute a default under the SNHP Loan Documents.

11. Certain Acts Prohibited and Events of Default. The Borrower shall not, without the prior written approval of the Agency, do any of the following. The granting of the Agency's approval shall be in its sole, unfettered discretion and may be conditioned upon the satisfaction of such terms and conditions as the Agency may prescribe.

(a) Make any sale, assignment, conveyance or transfer in any other form of the Development or any part thereof or of any of its interest therein, whether voluntarily or involuntarily, or by operation of law.

Notwithstanding the foregoing, if the Borrower has a tax credit limited partner, Agency consent is not required for any transfer of tax credit limited partner's interest in Borrower provided that all investor pay-ins have been made to Borrower, or if all of the investor pay-ins have not been made, then Agency consent is not required for any transfer of tax credit limited partner's interest in Borrower provided that the transfer is to an Affiliated Entity. For this purpose, an "Affiliated Entity" is an entity that controls, is controlled by or is under common control with Borrower's tax credit limited partner. Any such transfer shall include the assumption of all of the tax credit limited partner's rights, obligations and liabilities under the Borrower's Partnership

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Agreement dated [REDACTED]. Borrower shall provide any amendments to the Borrower's partnership agreement, along with any other pertinent information related to the transfer.

- (b) Make a change or a transfer of the interest of the general partner (if a limited partnership) or the managing member(s) (if a limited liability company).
- (c) Make any Distribution not permitted by the terms of this Agreement.
- (d) Assign or transfer any right to manage the Development.
- (e) Materially remodel, add to, reconstruct, demolish or damage any part of the Development.
- (f) Require, as a condition of the occupancy or leasing of any Unit in the Development to an Eligible Client, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one (1) month's rent to guarantee the performance of the covenants of the lease.
- (g) Incur any liability or obligation in connection with the Development, contingent or otherwise, other than for current Operating Expenses and for the indebtedness evidenced by the Note, or incur any liability or obligation whatsoever that is secured in whole or in part by any interest in or lien or encumbrance on the Development.
- (h) Invest any funds from the Development in any property, real, personal or mixed, except as authorized by this Agreement, or deposit any such funds in a depository not authorized by this Agreement.
- (i) Make a loan of any funds from the Development to any person or entity.
- (j) Fail to establish or maintain the accounts required by Section 7 and **Exhibit C** of this Agreement; and failure to maintain Agency-required insurance.
- (k) Cause or permit the Development to be maintained in a condition which the Agency deems, in its sole discretion, as an impairment of its security interest, or a violation of the Borrower's obligation to maintain the Development in a safe, sanitary and decent condition.
- (l) If the Development receives project-based assistance or subsidy, cause or permit the loss of the subsidy or termination of the contract governing such subsidy, or failure to apply for or accept an extension thereof.
- (m) Fail to provide, or cause to be provided, the Supportive Services as contemplated in **Exhibit E**, unless otherwise approved in writing by the County.
- (n) Fail to pay the Servicing Fee, COSR-Servicing Fee (if applicable), and Residual Receipts loan payments when due.

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- (o) Fail to rent SNHP Regulated Units to Eligible Clients.
- (p) If the Development receives a COSR, fail to abide by the terms of the COSRA.
- (q) Be in default under the terms of any senior or junior lender's loan obligations.
- (r) Fail to comply with the terms of the SNHP Loan Documents.

12. Non-Discrimination. Borrower shall not discriminate in providing equal access with respect to rental of Units within the Development in accordance with the mandates of state, federal and local law. Borrower shall seek such legal advice as necessary to assure such non-discrimination and equal access to housing.

13. Actions. The Borrower agrees to notify the Agency promptly in writing of any action or proceeding by or against the Development or by or against the Borrower with respect to the Development. No action or proceeding seeking the recovery of a sum in excess of Twenty-Five Thousand and No/100s Dollars (\$25,000.00) or for specific performance or other equitable relief shall be instituted by the Borrower with respect to the Development, nor shall any action or proceeding seeking the recovery from the Development, or from the Borrower with respect of the Development, of a sum in excess of Twenty-Five Thousand and No/100s Dollars (\$25,000.00) or for specific performance or other equitable relief against the Development, or against the Borrower in respect of the Development, be settled or compromised by the Borrower, without the prior approval of the Agency. Any such approval may be subject to such terms and conditions as the Agency may prescribe.

14. Assignment of Rents for Security. As security for the performance of the Borrower of all its obligations under this Agreement, subject to the rights of senior lenders, if any, the Borrower hereby assigns and pledges to the Agency all of the Borrower's right, title and interest in and to the rents, profits, income and charges of whatsoever kind or nature which it may receive or be entitled to receive from the operation of the Development, subject, however, to any assignment of rents or like provision contained in the SNHP Deed of Trust or in any of the other SNHP Loan Documents; provided, however, that unless and until a default under this Agreement is declared by the Agency or a default or event of default shall have occurred under any of the other SNHP Loan Documents, the Borrower shall be permitted to collect and retain such rents, profits, income and charges, subject to the provisions of this Agreement.

15. Violation of Agreement by the Borrower. In the event of the violation of any of the provisions of this Agreement by the Borrower, which does not require immediate judicial relief due to waste or health and safety issues, the Agency shall give written notice thereof, by registered or certified mail, to the Borrower at the address stated in this Agreement, or to such other address as may have been designated by the Borrower in writing, and a copy of such notice to the County; and if such violation is not corrected to the satisfaction of the Agency within thirty (30) days after the date such notice is mailed (or within such further time as the Agency in its sole discretion may permit), the Agency may without further prior notice declare in writing a default under this

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Agreement effective on the date of such declaration of default, and upon any such declaration of default, or, irrespective of any such declaration of default, upon the occurrence of a default or event of default under any of the other SNHP Loan Documents, the Agency may:

(a) Declare the whole of the principal amount of the indebtedness evidenced by the Note immediately due and payable and proceed with the rights and remedies provided for in the SNHP Loan Documents.

(b) Collect all rents, rental subsidies, profits, income and charges in connection with the operation of the Development and use same or the proceeds thereof, in such order as the Agency may determine, toward satisfaction of the Borrower's obligations under this Agreement or any of the SNHP Loan Documents, and toward payment of the necessary expenses of preserving and operating the Development.

(c) Take possession of the Development, bring any action necessary to enforce any rights of the Borrower growing out of the operation of the Development, and operate the Development in accordance with the terms of this Agreement until such time as the Agency, in its sole discretion, shall determine that the Borrower is again in a position to operate the Development in accordance with the terms of this Agreement and in compliance with the requirements of any of the other SNHP Loan Documents.

(d) Apply to any court, state or federal, for specific performance of this Agreement; for an injunction against any violation by the Borrower of this Agreement; for the appointment of a receiver to take over and operate the Development in accordance with the terms of this Agreement; or for such other relief as may be appropriate, it being agreed by the Borrower that the injury to the Agency arising from the default under any of the terms of this Agreement would be irreparable, and that it would be extremely difficult to ascertain the amount of compensation to the Agency which would afford adequate relief.

Notwithstanding anything to the contrary herein, if Borrower's tax credit investor limited partner offers to cure a Default by Borrower under the SNHP Loan Documents, including this SNHP Regulatory Agreement, the Agency may accept such offer, in the Agency's sole and absolute discretion, but shall have no obligation to do so.

16. Interest Charges. In the event that the Borrower fails to make timely payment of any money provided for in this Agreement, then such payment obligation shall be increased to include interest at the rate of the lesser of ten percent (10%) simple interest per annum or the maximum rate permitted by law.

17. Action by the Agency. Except as may be otherwise specifically provided herein, whenever any approval, notice direction, consent, request or other action by the Agency is required or permitted under this Agreement, such approval, notice direction, consent, request or other action shall be in writing.

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18. Integration and Amendments. The SNHP Loan Documents constitute the entire agreement of the parties with respect to the matters contemplated therein and supersede all prior negotiations or agreements, written or oral.

19. SNHP Terms. The SNHP Loan Documents shall not be modified, except by written instrument executed by all parties. Any reference to the SNHP Loan Documents includes any amendments, renewals or extensions now or hereafter approved by the Agency in writing. Any changes in the SNHP rules or lending terms made after execution of this Agreement shall not affect Borrower's obligations as agreed to herein unless otherwise approved in writing by the all parties.

20. Severability. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.

21. Binding on Successors. This Agreement shall bind, and the benefits thereof shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors and assigns; provided, however, that the Borrower may not assign this Agreement or any of its obligations hereunder, voluntarily or by operation of law, without the prior approval of the Agency. Except as expressly provided herein, this Agreement shall be for the exclusive benefit of the parties hereto and shall not confer any rights upon any third party. In the event the Borrower transfers title, possession or control of the Development to a third party, the Borrower covenants to require as a condition of transfer that such third party agrees to be bound by and to operate the Development in accordance with this Agreement. The Agency is deemed to be the beneficiary of such conditions and agreements with the right to enforce them against any such third party.

22. Recordation. This Agreement shall be acknowledged by each of the parties and recorded in the official records of the county in which the Development is located.

23. Election of Remedies; Events of Default. The remedies of the Agency hereunder and under the other SNHP Loan Documents are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the Agency of any one or more of its other remedies.

24. Waiver by the Agency. No waiver by the Agency of any breach of or default under this Agreement shall be deemed to be a waiver of any other or subsequent breach thereof or default hereunder.

25. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California.

26. Compliance with Laws. The Borrower represents and warrants that at all times its acts in connection with the Development have complied with and shall continue to comply with all applicable provisions of federal, state and local laws, including Article XXXIV of the California Constitution and Fair Housing laws, all applicable provisions of the SNHP, the rules, regulations, policies and procedures of the Agency and all agreements with the Agency and any other public entities concerning the Development as amended from time to time. The Borrower represents to the

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Agency that professional advice is available to the Borrower for the purpose of enabling the Borrower to be aware of and to comply with said laws, policies, procedures and agreements.

27. Legal Notices. Written notices by and between the parties hereto shall be addressed as follows unless and until a party hereto has, in writing, communicated a different address to the other party hereto, provided, for notices other than to Borrower, the Agency shall use its best efforts, and provided further that no legal consequences shall arise by reason of the Agency's failure to give notice to any person other than Borrower:

Borrower:

Agency:

Office of General Counsel
California Housing Finance Agency
500 Capitol Mall, Suite 1400
Sacramento, California 95814

County:

28. Attorney Fees, Costs. In any nonjudicial foreclosure process, or action to enforce or relating to any provision of the SNHP Loan Documents, the prevailing party shall be entitled to recover from the other party its costs and expenses. The term "costs and expenses" as used herein shall include all costs and expenses actually and reasonably incurred including but not limited to attorney fees; filing, motion, and jury fees; juror food and lodging; taping, videotaping, and transcribing depositions and travel expenses to attend depositions; service of process by a public officer, registered process server, or other means; expenses of attachment including keeper's fees; premiums on surety bonds; ordinary witness fees pursuant to Section 68093 of the California Government Code; fees of expert witnesses whether or not ordered by the court; transcripts of court proceedings whether or not ordered by the court; court reporter's fees as established by statute; investigation expenses in preparing the case for trial; postage, telephone, and photocopying charges; costs in investigation of jurors or in preparation for voir dire; models, blowups and photocopies of exhibits, and any other item that is required to be awarded to the prevailing party pursuant to statute as an incident to prevailing in the action at trial or on appeal. Such costs and expenses shall be recoverable whether the services were rendered by a salaried employee of the party or by an independent contractor.

29. No Conflict With Other Documents. The Borrower warrants that it has not, and shall not, execute any other agreement with provisions contradictory to the provisions hereof, and that, in any event, the requirements of this Agreement shall be paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

30. Agency Insurance Requirements. The Borrower shall cause insurance on the Development to be maintained in substantial conformance with the requirements of the Agency as amended from time to time and as posted on the Agency’s website at <http://www.calhfa.ca.gov>. In addition Borrower shall require that all Service Providers with which it is party to maintain adequate insurance associated with their scope of work and have both the Borrower and the Agency as additional insureds.

31. Maintenance. The Borrower shall maintain the Development in a decent, safe and sanitary condition and in a good state of repair as determined by the Agency in its sole discretion.

32. Indemnification. The Borrower shall indemnify, defend (with counsel reasonably chosen by the Agency, at the Agency’s option), and hold the Agency, and its employees, officers, agents, and board members harmless against all claims which arise out of or in connection with the ownership or occupancy of or construction on or in connection with the Development (including, without limitation, rehabilitation) by the Borrower or the Borrower’s contractors, subcontractors, agents, employees, or tenants, including claims resulting from the Borrower's failure to comply with Article XXXIV of the California Constitution, federal, state and local Fair Housing laws regarding discrimination in rental housing, handicapped accessibility, prevailing wage (California Labor Code Section 1720 et seq.) and/or Davis Bacon (40 U.S.C. 276(a) et seq.) (as applicable), and the relocation of persons displaced by the Development. The Borrower agrees that the Borrower, and not the Agency, is responsible for assuring compliance with such laws. This section shall survive the termination of this Agreement.

33. Environmental Covenants. The Borrower represents and warrants that after reasonable investigation and inquiry, and except as indicated in the Phase I environmental report submitted to the Agency, as of the SNHP Loan Closing Date it has no knowledge of any hazardous substance or environmental condition on or within two thousand (2,000) feet of the Development which may adversely impact the security of the SNHP Loan, or which may render the Development financially infeasible, or which may affect the health and safety of the occupants, the Development, or which may present an undue risk of liability to the Agency. The Borrower agrees to comply with all laws and orders of any federal, state or local governmental agency relating to clean-up or remediation, or other response action required by applicable law or order concerning a release or threatened release of hazardous substances in or on the Development. The term “***hazardous substance***” as used in this paragraph shall mean as defined at Code of Civil Procedure Section 736(f)(3).

The Borrower shall give any and all environmental notices to tenants and/or workers (both employee and independent contractor) which may be required by state or federal law. The Borrower hereby agrees to indemnify and hold the Agency harmless for any and all liability arising out of the presence of hazardous substances on the Development during the longer of the term of the SNHP Loan or the term of the SNHP Regulatory Agreement. Liability may be established by, among other forms of demands, a demand in the form of a judgment, a settlement, or an administrative order; and may include costs, fees, penalties, interest, attorney fees, and other costs related thereto. Whereas the purpose of this indemnity is to protect the Agency from harm, the rights to recover shall accrue as soon as the liability is incurred or costs are advanced. The term

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“any and all liability” shall include, but shall not be limited to, liability for: (a) the clean-up of hazardous substances; (b) claims for contribution or apportionment of remedies; and (c) claims for physical or other damages to persons, property, or natural resources. The duty of the Borrower to indemnify and hold the Agency harmless shall include the duty to defend as set forth in California Civil Code Section 2778.

34. Litigation. The Borrower represents and warrants that as of the SNHP Loan Closing Date, there are no claims, actions, suits, or proceedings pending, or to Borrower's knowledge threatened, against Borrower or affecting the Property or Improvements, except as disclosed to Agency in writing.

35. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BORROWER:

By: _____
Name: _____
Title: _____

AGENCY:

**CALIFORNIA HOUSING FINANCE
AGENCY**, a public instrumentality and
political subdivision of the State of California

By: _____
Name: _____
Title: _____

ACKNOWLEDGMENTS

EXHIBITS

Exhibit A	Legal Description of the Development
Exhibit B	Occupancy Restrictions and Committed Subsidies
Exhibit C	Impound and Reserve Accounts
Exhibit D	Priority of Payments – SNHP Loan
Exhibit E	County-Approved Supportive Services Plan

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Exhibit A

Legal Description of the Development

Exhibit B

**OCCUPANCY RESTRICTIONS
AND
COMMITTED SUBSIDIES**

SNHP OCCUPANCY RESTRICTIONS BY UNIT SIZE					
Summary of SNHP Regulated Unit Occupancy Class Restrictions		Enter the Number of Units by Bedroom Count			
		Studio or Single Bedroom	One Bedroom	Two Bedroom	Three Bedroom
A. Transition Age Youth restricted unit mix*:					
B. Individuals & Family (any age) restricted unit mix:					
C. Senior restricted unit mix: Min. Age:					
D. Number/size rental units that may be rented to individual clients as Shared Housing when needed (if applicable).					

* The County may approve for youth to remain in their units after their 25th birthday.

COMMITTED SUBSIDIES

Not Applicable (*or describe*)

**Exhibit C
Impound & Reserve Accounts**

Type and Amount	Initial Deposit	Initial Funding Date	Annual Deposit Amount	Annual Funding Date	Reserve Held By
Operating Expense Reserve (OER)¹	25% of the 1st year's operating expenses, reserves and debt service, estimated to be \$0	SNHP Loan Closing Date [OR] XXXXXX	N/A	When applicable, deposited by fiscal year end	California Housing Finance Agency (" CalHFA ") <i>Or other lender or tax credit investor</i>
Replacement Reserve (RR)²	\$0 <i>(Estimate \$1,000 per rental unit)</i>	SNHP Loan Closing	Minimum of \$500 per unit (for all units in the Project)	Deposited monthly in advance.	Borrower
SNHP Tenant Rent and Utility Reserve (RUR)	\$0 or N/A	Prior to Occupancy	N/A	N/A	Borrower
Capitalized Operating Subsidy Reserve (COSR)³	Local Government Contribution of \$0	At SNHP Loan Closing	N/A	N/A	CalHFA
	Borrower Contribution of \$0	Due prior to occupancy ⁴	N/A	N/A	

No insurance or tax impounds are required or held by CalHFA.

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¹ Approval required by CalHFA prior to use. Approval must be requested a minimum of 30 days prior to proposed use.

² Disbursements from the RR shall require advance approval by the Agency.

³ There shall be no COSR disbursements until the Borrower has fully funded their contribution to the COSR AND the Borrower has provided CalHFA (at least thirty days prior to lease up) updates regarding: (a) the proposed Development rents; (b) the utility allowances by unit size, and (c) the Development's operating budget.

⁴ Initial Disbursement of the COSR is subject to the terms of the Capitalized Operating Subsidy Reserve Agreement.

Exhibit D
Priority of Payments – SNHP Loan
After Approved Operating Expenses

Part A - Agency-Approved Operating Expenses including Servicing Fees and Amortizing Debt (if applicable):

CalHFA First Mortgage	\$0
HCD Loan Servicing Fee	\$0
SNHP Annual Servicing Fee	\$7,500
SNHP COSR Servicing Fee	\$0
Annual Bond Compliance Fees	\$0

Lender:	Bank Loan with Required Debt Service	B-Tranche Bank Loan with Debt Service
Initial Principal Amount:	\$0	\$0
Payment Amount:	\$0	\$0
Term:	30 / 15	
Lien Position:	0	0
Interest Rate:	0.00%	0.00%

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Part B – Non Standard Operating Expenses* (which are subject to the terms as defined in the COSR Agreement, or changes as approved by the Agency):

EXPENSE	TOTAL FOR ALL UNITS	MAX. AMOUNT COVERED BY COSR
Estimated Deferred Developer Fee**	\$0	\$0
Partner Asset Management Fees***:	\$0	\$0
Service Coordinator Salary:	\$0	\$0
On-Site SNHP Service Provider Costs:	\$0	\$0
TOR Deposit for Non-COSR Assisted Units	\$0	\$0
Other:		\$0

*See definition of Non-Standard Operating Expenses for additional information and restrictions regarding the expenses listed.

**Annual estimated deferred developer fee (assuming equal payments over 10-year period). Total deferred developer fee is \$_____. Payable in amounts as determined by Borrower, not to exceed the total approved deferred developer fee, which may change based on the final cost certification.

***See definition of Partnership Asset Management Fee. Payable only if the Development was funded with the proceeds from the sale of tax credits and the project has a limited partner investor, and only for the fifteen (15)-year tax credit compliance period. If not funded with tax credits, or if insufficient cash flow, then zero.

Part C - Borrower's Allowable Distribution from Cash Flow

% of Surplus Cash	50%
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DRAFT – DO NOT EXECUTE

Part D – Remaining Residual Receipts to be Payable to Residual Receipts Lenders:

Note: If, at the conversion of construction financing to permanent financing, the principal amounts of the Residual Receipts Lenders' loans for the Development differ from the amounts shown below, subject to the Agency's written approval, the percentage of residual receipts for each lender shall be adjusted in proportion to the respective loan amounts.

Lender:	CalHFA / SNHP	HCD Loan w/.42% Payments	Residual Receipt Loan	Residual Receipt Loan
Initial Principal Amount:	\$0	\$0	\$0	\$0
% of Residual Receipts	___%	___%	___%	___%
Term to Maturity:	0	0	0	0
Lien Position:	0	0	0	0
Interest Rate:	3% simple interest	0.00%	0.00%	0.00%

Lender:	Residual Receipt Loan	Residual Receipt Loan	Residual Receipt Loan	Residual Rectip Loan
Initial Principal Amount:	\$0	\$0	\$0	\$0
% of Residual Receipts:	___%	___%	___%	___%
Term to Maturity:	0	0	0	0
Lien Position:	0	0	0	0
Interest Rate:	0.00%	0.00%	0.00%	0.00%

Part E -- Deferred Payments Loans

Lender:				
Initial Principal Amount:	\$0	\$0	\$0	\$0
Term to Maturity:	0	0	0	0
Lien Position:	0	0	0	0
Interest Rate:	0.00%	0.00%	0.00%	0.00%

DRAFT – DO NOT EXECUTE

Exhibit E

Cover Sheet

County Approved Supportive Service Plan
(subject to modification by the County over time)

ACKNOWLEDGEMENTS

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss.
County of _____)

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature (Seal)

ACKNOWLEDGEMENTS

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss.
County of _____)

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature (Seal)